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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1940.

No. 1059 87

THE COCA-COLA COMPANY, *Petitioner*,

v.

DIXI-COLA LABORATORIES, INC., ROBERT W. KRUSE, CONSTANTINE GRIVAKIS, WILLIAM H. HENNEN, ROY GOBRECHT, MARTIN FOX, JACK J. STREGER and ALFRED O'NEIL, MARBERT PRODUCTS, INC. and APOLA EXTRACT AND SYRUP CORPORATION, *Respondents*.

## PETITION FOR A WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE FOURTH CIRCUIT AND BRIEF IN SUPPORT THEREOF.

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PRESS OF BYRON S. ADAMS, WASHINGTON, D. C.

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v.

DIXI-COLA LABORATORIES, INC., ROBERT W. KRUSE, CONSTANTINE GRIVAKIS, WILLIAM H. HENNEN, ROY GOBRECHT, MARTIN FOX, JACK J. STREGER and ALFRED C'NEIL, MARBERT PRODUCTS, INC. and APOLA EXTRACT AND SYRUP CORPORATION, *Respondents*.

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## PETITION FOR A WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE FOURTH CIRCUIT.

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*To the Honorable, the Chief Justice of the United States, and the Associate Justices of the Supreme Court of the United States:*

Petitioner, The Coca-Cola Company, plaintiff in the District Court, appellee below, respectfully prays that a Writ of Certiorari issue to the United States Circuit Court of Appeals for the Fourth Circuit to review a judgment of

that court entered on January 11, 1941. The opinion was amended and rehearing denied February 18, 1941 (R. 2197). The judgment, here sought to be reviewed, modified a decree of the United States District Court for the District of Maryland (Coleman, J.) in favor of petitioner (31 Fed. Supp. 835). The amended opinion of the Circuit Court of Appeals is at page 2159 of the record and is reported in 117 Fed. (2d) 352.

## I.

## JURISDICTION.

(a) Federal jurisdiction of the courts below exists under the Federal Trade-Mark Act of 1905 (U. S. C. Tit. 15, Sec. 81 and following) and also because of diversity of citizenship and amount involved.

(b) The jurisdiction of this court is invoked under Section 240 of the Judicial Code, as amended by Act of Congress of February 13, 1925, 43 Stat. 938; U. S. C. Tit. 28, Sec. 347(a).

(c) The questions here presented involve and include the construction of the remedial sections of the Federal Trade-Mark Act of February 20, 1905 (U. S. C. Tit. 15, Sec. 96), and the right of the owner of a registered trade-mark adjudged valid to be protected against colorable imitations of it.

(d) Cases believed to sustain the jurisdiction of this court to grant a Writ of Certiorari in the present case are *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corporation*, 305 U. S. 315, and *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143, because this case also presents questions important in Federal trade-mark law.

Petitioner's bottle cap is:

Respondents' bottle caps are:

## II.

## SUMMARY AND SHORT STATEMENT OF THE MATTER INVOLVED.

(1) This is a suit in equity, brought by petitioner to prevent infringement of its trade-mark "Coca-Cola", continuously used since 1886, and to repress unfair competition (R. 1).

The trade-mark has been registered under the Federal Trade-Marks Acts of 1881 and 1905. Whenever necessary, the registrations have been renewed. They are owned by petitioner. The trade-mark "Coca-Cola" was held valid by this court in *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143, and infringed by "Koke."

The acts of respondents complained of are their use in interstate and intrastate commerce of the names "Dixi-Cola", "Apola-Cola", "Marbert Cola", "Lola-Kola" and "Cola" (see opposite illustration), on a mixture made in imitation of petitioner's product. These names were alleged to be confusingly similar to petitioner's trade-mark "Coca-Cola" and colorable imitations of it.

Respondents applied these names to the same product, not different ones.

In addition to the use of the marks above illustrated, respondents also adopted colors imitating petitioner's color scheme, refilled containers bearing petitioner's trade-mark, and induced retailers to pass off respondents' imitation as petitioner's product, representing that consumers could not tell the difference, the cheaper price of respondents' imitation making passing off profitable.

Respondents began their business and challenged acts in 1935.

(2) With respect to petitioner's rights, the District Court, after full hearing upon the merits, found (R. 1534) that the validity of the trade-mark "Coca-Cola" "is no longer an

open question"[1]; that the registrations thereof are valid[2]; that petitioner is the exclusive owner of both the trade-mark and registrations; that petitioner has never abandoned its right to be protected in the use of its name, or acquiesced in the use of infringing marks. The Circuit Court of Appeals concurred in these findings. It did not pass upon the validity of petitioner's registrations, saying "it is not necessary for us to decide the point here." (R. 2161).

With respect to petitioner's rights, the Circuit Court of Appeals expressly found:

> "The plaintiff is the owner of the trademark 'Coca-Cola' . . ." (R. 2159) * * * "It is certainly beyond dispute that the word 'Coca-Cola' is the exclusive property of the Coca-Cola Company." (R. 2162) * * *". . .

---

[1] Cases in which the trade-mark "Coca-Cola" has been held valid include:

*Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143;
*Nashville Syrup Company* v. *Coca-Cola* (CCA6) 215 Fed. 527;
*Coca-Cola* v. *Bennett* (CCA8) 238 Fed. 513;
*Coca-Cola* v. *Old Dominion Beverage Corp.* (CCA4) 271 Fed. 600, certiorari denied 256 U. S. 703;
*Coca-Cola* v. *Butler* (D. C. Ark.) 229 Fed. 224;
*Coca-Cola* v. *Duberstein* (D. C. Ohio), 249 Fed. 763;
*Coca-Cola* v. *Stevenson, et al* (D. C. Ill.) 276 Fed. 1010;
*Coca-Cola* v. *Virginia Syrup Co.* (D. C. Va.) 3 T. M. Rep. 126;
*Coca-Cola* v. *American Druggists Syndicate* (D. C. N. Y.) 200 Fed. 107;
*Coca-Cola* v. *Brown* (D. C. Penna.) 60 Fed. (2d) 319;
*Coca-Cola* v. *Hy-Po* (D. C. N. Y.) 1 Fed. Supp. 644;
*Coca-Cola* v. *Deacon Brown Bottling Co.* (D. C. Ala.) 200 Fed. 105.

[2] The trade-mark "Coca-Cola" has been registered on five occasions in the United States Patent Office under the Federal Trade-Mark Acts of 1881 and 1905:

| Registration No. | Date |
|---|---|
| 22,406 | Jan. 31, 1893 |
| 47,189 | Oct. 31, 1905 |
| 229,380 | June 28, 1927 |
| 238,145 | Jan. 31, 1928 |
| 238,146 | Jan. 31, 1928 |

that the name ("Coca-Cola") identifies the goods of the plaintiff . . ." (R. 2168).

> "The evidence in the pending case shows that what was said of the name in *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143, and *Coca-Cola Co.* v. *Old Dominion Beverage Corp.*, supra, (271 Fed. 600), is equally true today." (R. 2162).

In *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143, where "Koke", an approximation of "Coca", was held to suggest "Coca-Cola" by similarity and to infringe, Mr. Justice Holmes, in speaking of "Coca-Cola" as a trade-mark, said:

> "* * * Coca-Cola probably means to most persons the plaintiff's familiar product, to be had everywhere rather than a compound of particular substances."

This court thus held that, as used in petitioner's trade-mark, neither "Coca" nor "Cola" means a particular substance. It necessarily follows that primarily each of the words "Coca" and "Cola" has only a trade-mark significance when used in the name of a beverage[1].

As this court had sustained an injunction enjoining "Koke" as an imitation of the first half of petitioner's trade-mark "Coca-Cola" and an infringement of it as a whole, we submit that the District Court was following this court in enjoining "Cola" the second half, and that likewise "Cola" infringes petitioner's trade-mark "Coca-Cola" as a whole.

With respect to respondents' intent, and the resulting deception of the public, the District Court found: (R. 1548)

> "The use of said names (Dixi-Cola, Apola-Cola, Marbert Cola, Lola Kola and Cola) was calculated and intended to deceive, and did and does actually deceive, members of the public into the belief that defendants'

[1] The decree which this court affirmed provided:

"(2) That the word 'Coca-Cola' is a valid trade-mark.

"(3) That plaintiff is the owner of and alone entitled to use the trade-mark 'Coca-Cola' and that its goods alone can lawfully be sold under that name."

said drink is merchandise emanating from the plaintiff." (Matter in parentheses ours.)

With respect to respondents' acts, the District Court found: (R. 1550)

> "Said acts were committed by defendants with the deliberate intent and purpose of appropriating plaintiff's good will and causing defendants' product to be sold by the trade, and accepted by the consuming public, as and for plaintiff's product, and said acts of defendants were calculated to deceive, and have actually deceived, members of the consuming public into the belief that defendants' said drink was the merchandise of plaintiff."

The District Court found the fact that each of the names used by respondents infringes petitioner's trade-mark, and with respect to them enjoined respondents, (R. 1553),

> "(a) From using as the name for their beverage, extract, concentrate or syrup for making a beverage,
>
> (1) 'Coca-Cola' or any colorable imitation or simulation thereof;
>
> (2) 'Marbert Cola', 'Marbert the distinctive Cola', 'Dixi-Cola,' 'Apola Cola', 'Lola Kola', 'Kola', or 'Cola' or any like word;
>
> (3) Any other name for their said merchandise which includes either the word 'cola' or 'coca' or any colorable imitation of either or both."

The District Court's decree expressly permitted respondents to state on their containers and labels and in their advertisements that their product contains extract of coca leaves or extract of cola nuts, if such is the fact.

Not only did the Circuit Court of Appeals not set aside the trial court's findings of fact that the use of the defendants' names "was calculated and intended to deceive, and did and does actually deceive, members of the public * * *",[1]

[1] Finding of Fact par. 6 (R. 1548)

and that the defendants' acts were "* * * with the deliberate intent and purpose of appropriating plaintiff's good will * * *";[1] it itself expressly found the defendants guilty of fraud and conspiracy in the most explicit terms. It declared that their "Fraudulent conduct * * * has been established"[2]; that the defendants' product was sold "in the fountain trade with the understanding that the drink made therefrom should be sold as and for Coca-Cola";[3] and that the officers of the corporate defendants "had knowledge of these activities and participated therein."[4] It further held that "The evidence also justifies the finding that the bottled beverage made by bottlers from defendant's concentrate was passed off as Coca-Cola in various bars and taverns",[5] and that there was "some evidence that an officer of the corporation encouraged the practice."[6] And still further it held: "Under these circumstances, it is a reasonable conclusion that the defendants have conspired with their customers to palm off their goods for those of the Coca-Cola Company whenever it was safe to do so."[7]

This suggests the question, what effect in determining the probable result of respondents' acts, has respondents' fraudulent purpose to confuse and induce the passing off of their goods for petitioner's? It has been held many times that it must be assumed against a person moved by such a purpose that his acts will have the result he intended them to have and that a rogue cannot be heard to say, "I tried to commit a fraud but failed." Several courts in this country and in England have held that a bad motive raises a conclusive presumption of success and that proof of it is un-

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[1] Finding of Fact par. 13 (R. 1550)

[2] Opinion (R. 2159)

[3] *Id.* (R. 2174)

[4] *Id.* (R. 2174)

[5] *Id.* (R. 2174)

[6] *Id.* (R. 2174)

[7] *Id.* (R. 2174)

necessary.[1] This Circuit Court of Appeals seems to have ignored this principle. But we need not rely on presumptions that respondents succeeded in their purpose to steal petitioner's business.

The concrete results of respondents' conspiracy appear in the record. Four hundred and eighty-two instances of passing off of respondents' product on calls for "Coca-Cola" and the abbreviation of it, "Coke" were proved. These occurred in various parts of the United States, including the District of Columbia, Delaware, Maine, Maryland, Massachusetts, New York, North Carolina, Pennsylvania, Vermont and Virginia.[2] Practically all of the soda fountain dealers in New York City who handled respondents' syrup passed off drinks made from it on calls for "Coca-Cola".[3] This passing off was suggested by the use of the infringing names and was with the connivance of respondents' agents.

The Circuit Court of Appeals also found:

> "Forty-one witnesses from Baltimore, Springfield and Birmingham testified that when they saw goods labelled by a name containing the suffix 'cola', they were led to believe, not that the goods were Coca-Cola, but that they originated with the Coca-Cola Company." (R. 2162)

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[1] *Morgans Sons* v. *Ward*, (C. C. A. 7) Baker, J. 152 Fed. 690, 693;
*My-T Fine Corporation* v. *Samuels*, (C. C. A. 2) L. Hand, J. 69 Fed. (2d) 76, 77;
*Wesson* v. *Galef*, (U. S. D. C. S. D. N. Y.) L. Hand, J. 286 Fed. 621, 625;
*Capewell Horse Nail Co.* v. *Green*, (C. C. A. 2), Lacombe, J. 188 Fed. 20, 24;
*Time* v. *Ultem*, (C. C. A. 2) 96 Fed. (2d) 164, 165;
*Apollinaris Company* v. *Herrfeldt*, 4 R. P. C. 478, (487, Lindley, L. J.);
*Slazenger & Sons* v. *Feltham & Co.* (2) 6 R. P. C. 531 (538, Lindley L. J.);
*Paine & Co.* v. *Daniell*, 10 R. P. C. 217 (225, Lord Justice Bowen).

[2] Plaintiffs' Exhibit No. 35 (R. 1575).

[3] R. 266; Plaintiffs' Exhibit No. 35.

The court also failed to apply accepted rules dealing with infringement. Infringement results not only from the similarity in appearance and pronunciation of the words involved, but their mental suggestion, and also "the intent of the actor in adopting the designation" as well as "the degree of care likely to be exercised by purchasers" in view of the nature of the goods. In fact, fraudulent intent alone is evidence of likelihood of confusion, for if the newcomer "adopts his designation with the intent of deriving benefit from the reputation of the trade-mark or trade name, his intent may be sufficient to justify the inference that there is confusing similarity." (Restatement of the Law of Torts, Volume 3, Section 729 and Comment.)

Instead, the court turned to Section 735 (1) of the Restatement of Torts, dealing with the loss of trade-marks.

(3) Despite the concurrent findings of the District Court and the Circuit Court of Appeals, establishing petitioner's exclusive right in the trade-mark "Coca-Cola", and recognizing that respondents had fraudulently appropriated one half of it and that passing off and deception of the public had resulted, the Circuit Court of Appeals proceeded to modify or reverse in part the judgment of the District Court. It denied to petitioner any relief whatsoever against respondents' deceptive use of the names "Dixi-Cola," "Marbert Cola," and "Cola" and reversed the decree of the District Court:

> "* * * insofar as it adjudicates an infringement by the use of the names Dixi-Cola, Marbert Cola and Marbert the Distinctive Cola, or prohibits the use of said names or of any name which includes the word 'Cola', or from supplying the product on calls for 'cola' or from committing any acts calculated to cause its product to be known as 'cola'." (R. 2175).

(4) This reversal, and the discussion which led to it, were apparently based upon a misconception by the Circuit Court of Appeals of the remedy which Section 16 of the Trade-Mark Act of 1905 (U. S. C. Tit. 15, Sec. 96) affords to

owners of trade-marks registered under that Act. The court expressly held that "The plaintiff is the owner of the trade-mark 'Coca-Cola' " (R. 2159) and "No one else can lawfully use the word 'Coca-Cola' for a trade-mark even though it originally may have been a descriptive name." (R. 2162). This is in accord with the statute prohibiting unlicensed use of a reproduction, counterfeit or copy of the registered trade-mark. But the statute also prohibits the use of a "colorable imitation" of the registered mark. "Colorable imitation" has been defined by this court[1] as an imitation which "is calculated to mislead the public with respect to the origin or ownership of the goods."

In spite of the proof that respondents' marks are imitations which have actually misled the public, the Circuit Court of Appeals seems either to have ignored the statutory prohibition against such imitation, or to have deemed it to have no application to a mark which it thought "may originally have been a descriptive term." In relation to such a mark the court was apparently willing to accord relief against reproduction but not against imitation. Here the court departed from the rule[2] that "the statutory right cannot be so narrowly limited. Not only exact reproduction, but a 'colorable imitation' is within the statute."

The Circuit Court of Appeals could not so have disregarded the statute if it had not first ignored the registrations of petitioner's trade-mark and the significance of registration in relation to remedy. The court's discussion of possible relief makes no mention of the registrations and does not recognize the rule[3] that "having the right to register its mark, the complainant was entitled to its protection as a valid trade-mark under the statute. * * * It was not the intent of Congress thus to provide for a barren notice of an ineffectual claim, but to confer definite rights."

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[1] *Thaddeus Davids* v. *Davids*, 233 U. S. 461, at 470.

[2] *Id.*, at 469.

[3] *Id.*, at 468.

One of the rights thus conferred is the right of the owner of a registered trade-mark to protection against colorable imitation. The decision of the Circuit Court of Appeals implies that a different measure of protection is to be accorded to marks of different origin although both are registered. It implies that this court was wrong in holding[1] that the provision of Section 16 against colorable imitation applies to all trade-marks that are within the Act. It deprived petitioner of the benefit of that provision. In effect, it writes into the statute a distinction which has never existed in the terms of the Act, in the decision of this court in *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143, or in the common law, as stated in *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corporation*, 305 U. S. 315, 335, which entitles the owner of a secondary meaning mark to protection against deceptive imitation without reference to the statute. In fact, petitioner was entitled to the relief the District Court decreed, whether its trade-mark should be regarded as a fancy name or a secondary meaning trade-mark, as well as under the general principles of unfair competition.

(5) The Circuit Court of Appeals planted its denial of relief and its reversal, in part, of the decree of the District Court on its assertion that "Cola" had become a descriptive term applied to a class of drinks simulating "Coca-Cola" in name and otherwise. The court based its action in this respect upon Section 735 (1) of the Restatement of Torts which reads thus:

> "735.(1) A designation which is initially a trade-mark or trade name ceases to be such when it comes to be generally understood as a generic or descriptive designation for the type of goods, services or business in connection with which it is used."

Petitioner challenges the applicability of that section to cases in which the trade-mark sued upon is valid and is so

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[1] *Thaddeus Davids Co.* v. *Davids*, 233 U. S. 461, at 468.

adjudged.[1] The court even disregarded the limitations imposed upon Section 735 (1) by sub-section 2 which states:

> "To the extent that a designation of the kind described in Sub-Section (1) retains its significance as a trade-mark or trade name, *its use as such is protected* so far as it may be practicable without impeding the use of the designation by others in its generic or descriptive significance." (Italics ours.)

Petitioner likewise challenges the soundness and accuracy of Section 735 (1) and says that, as applied by the Circuit Court of Appeals, it is in conflict with the remedial Sections 16 and 19 of the Trade-Mark Act of February 20, 1905 (U. S. C. Tit. 15, Secs. 96 and 99), and the applicable local decisions.[2]

The most that can be said of the court's conclusion is that it thought "Cola" has two meanings—the first as a part of petitioner's trade-mark "Coca-Cola", and another to describe imitations of "Coca-Cola" in name and substance. But names with double meanings have often been before this court and privileged and unprivileged use of them clearly defined, in such cases as *Thaddeus Davids* v. *Davids*, 233 U. S. 461; *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corporation*, 305 U. S. 315, 335; *Baglin* v. *Cusenier* Co., 221 U. S. 580.

The evidence in the case at bar with respect to the asserted generic character of "Cola", does not differ substantially either in character or amount from the like evidence before this court in *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143. This court, nevertheless, after finding that defendant's mixture was made and sold in imitation of plaintiff's and

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[1] Section 729 of the Restatement, not Section 735 (1), pertains to trade-mark infringement.

[2] *Corkran Hill & Co.* v. *A. H. Kuhlemann Co.*, 111 Atl. 471, 136 Md. 525;
*Sherwood Co.* v. *Sherwood Distilling Co.*, 9 A. (2d) 842, 177 Md. 455;
*Peter Stuart, et al.*, v. *John Thomas, et al.*, 1 Baltimore City Reports 524, 525.

that the word "Koke" was chosen for the purpose of reaping the benefit of the advertising done by the plaintiff and of selling the imitation as and for the plaintiff's goods, adjudged "Koke," which was an approximation of the first half of petitioner's trade-mark, to be an infringement of it. The Circuit Court of Appeals in this case has declined to restrain the deceptive use of the second half of petitioner's valid trade-mark under conditions of fraud and deception paralleling those before this court in the *Koke* case.

(6) The failure of the Circuit Court of Appeals to grant any relief against the infringing names may perhaps be accounted for by an unusual situation which developed in the Circuit Court of Appeals. Over the objection of petitioner, the court permitted to appear as *amici curiae,* Nehi Corporation, Pepsi-Cola Company and Life Savers Corporation, defendants in pending suits involving their alleged infringement of the trade-mark "Coca-Cola" and unfair competition, brought by petitioner in Delaware and New York, respectively. The *amici curiae* said they were:

> "* * * not interested in, or concerned with, the issues here presented with reference to alleged acts of substitution, passing off and unfair competition, by defendants in this case."

Thus they presented a case as if it contained no element of fraud—not this case which is full of it. This naturally had the effect of obscuring the issues and distracting the court's attention from the questions it was called upon to decide; namely, whether the defendants before it, by the intentionally fraudulent acts *they* were found to have committed had infringed petitioner's trade-mark and competed unfairly.

The court below instead of treating the case as a suit in personam against proven fraudulent competitors, considered it as though it were an action in rem to determine the meaning of the word "Cola" as a matter of law, in vacuo and without consideration of the circumstances surround-

ing the respondents' use of names including this substantial part of petitioner's trade-mark, the fraud which prompted their adoption, the correlative acts of fraud which accompanied their use and the deception and passing off which resulted.

(7) The Circuit Court of Appeals either ignored, misconstrued or incorrectly applied Rule 52(a)[1] of the Rules of Civil Procedure.

The trial court found infringement of petitioner's trademark by the marks used by respondents. Infringement is a fact. The District Court also found as a fact that "Dixi-Cola" and "Marbert Cola" misled the public into believing that they were receiving a product of petitioner, which is merely another way of finding the fact of infringment[2]. (Findings Nos. 6 and 13, R. 1548, 1550.) The Circuit Court of Appeals did not expressly approve or disapprove these findings.

If it did not set them aside, the decree enjoining the use of the names found to infringe should have been affirmed.

If the Court of Appeals did set aside findings which had ample and substantial support in the evidence, the question arises whether under Rule 52(a) it had the power so to do. The rule forbids such action on appeal unless the findings were "clearly erroneous."

A conflict exists among the Circuit Courts of Appeals as to the meaning of "clearly erroneous", and hence, as to the

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[1] ". . . Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opinion of the trial court to judge of the credibility of the witness . . ." U. S. C. Tit. 28, Sec. 723c.

[2] The test of infringement is whether the names used by respondents so resembled "Coca-Cola" "that ordinary purchasers buying with ordinary caution are likely to be misled." *McLean* v. *Fleming*, 96 U. S. 245, 251; *Thaddeus Davids* v. *Davids*, 233 U. S. 461, 470; *Gorham Mfg. Co.* v. *White*, 14 Wall. 511. See also *Celluloid Manufacturing Co.* v. *Cellonite Mfg. Co.* (C. C. 1887) 32 Fed. 94, 97, (opinion of Mr. Justice Bradley); and 63 Corpus Juris 373.

extent of the authority of an Appellate Court in passing upon findings of fact.[1]

Thus, upon that assumption the Circuit Court of Appeals has decided a Federal question of immediate, vital and widespread public importance lying at the very foundation of the judicial process in the Federal Courts, as to which the Circuit Courts of Appeals are in conflict, and a question of Federal law that has not been, but should be, settled by this court.

## III.

## THE QUESTIONS PRESENTED.

(1) Is not a later mark which so resembles an earlier registered trade-mark owned and in use by another as to be likely, when applied to imitation goods, to produce confusion or mistake in the mind of the public, or to deceive purchasers, as recited in Section 5 of the Federal Trade-Mark Act of February 20, 1905, (U. S. C. Tit. 15, Sec. 85) a colorable imitation of such registered trade-mark, and its use forbidden under Section 16 (U. S. C. Tit. 15, Sec. 96) of that Act?

(2) Is not the decision of the Circuit Court of Appeals, denying relief to petitioner for respondents' fraudulent appropriation and deceptive use of the names "Dixi-Cola", "Marbert Cola" and "Cola" of half ("Cola") of petitioner's valid trade-mark, on goods made by respondents in imitation of petitioner's, in conflict with the decision of this court in *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143?

(3) When the use of a mark in fact deceives and misleads purchasers into the belief that one man's goods come from another, is the man whose customers are thus taken away from him, without remedy for the wrong?

(4) Is the intentional appropriation, as a part of the name for imitation goods, of enough of a valid registered

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[1] The cases showing this conflict are in the brief in support of the petition at p. 24.

trade-mark to result in misrepresentation of their commercial origin and passing off, justified because the part so appropriated may also have a descriptive or generic significance? And is not the decision of the Circuit Court of Appeals, so holding, in conflict with *Thaddeus Davids* v. *Davids,* 233 U. S. 461, and *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corp.,* 305 U. S. 315?

(5) Where petitioner, as the court found, has always fought vigorously to protect its valuable rights from invasion, and the court has also found that petitioner's trade-mark is valid and that it identifies petitioner's goods, and has not been lost, (a) is not that part of the decree of the Circuit Court of Appeals which reverses in part the decree of the District Court in conflict with the decisions of this court in *Saxlehner* v. *Eisner & Mendelson Co.,* 179 U. S. 19, *Hanover Star Milling Co.* v. *Metcalf,* 240 U. S. 403, and *Baglin* v. *Cusenier Co.,* 221 U. S. 580? And (b) is not Section 735 (1) of the Restatement of Torts, dealing with the loss of trade-marks, as applied in this case in conflict with the proper construction of Sections 16 and 19 of the Federal Trade-Mark Act of February 20, 1905 (U. S. C. Tit. 15, Secs. 96 and 99), and (c) in conflict with the decisions of the State in which the case arose?

(6) Under Rule 52(a) of the Rules of Civil Procedure are not the findings of fact of the District Court unassailable and legally controlling upon the Circuit Court of Appeals where those findings are supported by substantial evidence?

## IV.

## REASONS FOR THE ALLOWANCE OF THE WRIT.

The decision of the Circuit Court of Appeals raises questions of public importance in the following respects:

(1) The decision of the Circuit Court of Appeals for the Fourth Judicial Circuit is probably in conflict with the decision of this court in *Coca-Cola Co.* v. *Koke Co.,* 254 U. S. 143, adjudicating the validity of petitioner's trade-mark

and giving it a right of protection against a designedly fraudulent approximation of it either in whole or such part as may result in deception and passing off.

It is of prime concern not only in the orderly administration of justice, but in the protection of the public at large that the decisions of this court be recognized as binding upon the lower courts, unless it is made to appear that the conditions upon which the decisions of this court rested have been changed. In the case at bar, no such controlling reason appears in that the Circuit Court of Appeals itself said that what was said of the name in *Coca-Cola Co.* v. *Koke Co.* "is equally true today."

(2) The Circuit Court of Appeals denied to petitioner the remedies afforded the owner of a registered trade-mark for infringement by colorable imitation under Section 16 of the Federal Trade-Mark Act (U. S. C. Tit. 15, Sec. 96) by denying to petitioner relief against the use of words and names which are calculated to, and which in fact do, mislead the public with respect to the origin or ownership of respondents' goods and hence colorably imitate the registered trade-mark.

It is of vital importance to the American public that the relief granted under Section 16 of the Federal Trade-Mark Act of February 20, 1905, intended to be protective of honest business, be not so limited as to result in sanctioning and legalizing fraudulent and deceptive imitations of registered trade-marks, to the injury of both the public and the owners of the mark.

(3) The decision of the Circuit Court of Appeals is probably in conflict with the decisions of this Court in *Thaddeus Davids Co.* v. *Davids,* 233 U. S. 461, and *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corporation,* 305 U. S. 315.

Those cases recognized the right of the owner of a name which through secondary meaning has come to indicate the origin of his goods, to be free from competitive use of the name as the trade-mark or trade name of another. That right the court below denied.

(4) The decision of the Circuit Court of Appeals is probably in conflict with the decisions of this court in *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U. S. 19, *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403, and *Baglin* v. *Cusenier Co.*, 221 U. S. 580, which confirm the basic principle that, when valid trade-mark rights have once been established, the owner cannot be dispossessed of them by the unauthorized or fraudulent acts of others, or by any means except his consent.

(5) The Circuit Court of Appeals followed and decided important issues on the authority of the Restatement of Torts, and not in accord with the Federal Trade-Mark Act or the decisions of the State where the action arose, and on the authority of a Section of that Restatement which is both inconsistent with the general law of trade-marks and inapplicable to the facts before the court.

(6) The Circuit Court of Appeals ignored, misapplied or misconstrued Section 52 (a) of the Rules of Civil Procedure and decided a question of federal law in conflict with the Circuit Courts of Appeals of the Seventh, Ninth and Tenth Circuits and which has not been decided by this court. *Santa Cruz Oil Corp.*, v. *Allbright-Nell Co.*, (C. C. A. 7), 115 Fed. (2d) 604; *Webb* v. *Frisch* (C. C. A. 7), 111 Fed. (2d) 887; *Continental Oil Co.* v. *Jones*, (C. C. A. 10), 113 Fed. (2d) 557; *Kelly* v. *Aderhold* (C. C. A. 10), 112 Fed. (2d) 118; *Wittmayer* v. *United States*, (C. C. A. 9, Apr. 8, 1941) 4 Fed. Rules Ser. 42, Case 4, — Fed. (2) —.

(7) The decision of the Circuit Court of Appeals is in conflict with the decisions of other Circuit Courts of Appeals. It is specifically in conflict with the following cases: *Standard Paint Co.* v. *Rubberoid Roofing Co.*, (C. C. A. 7) 224 Fed. 695; *Trappey* v. *McIlhenny Co.*, (C. C. A. 5) 281 Fed. 23; *Barton* v. *Rex-Oil Co.*, (C. C. A. 3) 29 Fed. (2d) 474.

The conflict arises thus: After holding (1) that plaintiff's trade-mark is a valid trade-mark, but (2) that half of

the mark, "Cola," was or had become descriptive or generic, the Circuit Court of Appeals in this case then dealt with the question whether in such a situation a competitor coming later into this field could appropriate for trade-mark use this substantial part of petitioner's trade-mark.

A later competitor may no doubt use the word in a descriptive or generic sense, but can he go further and use it as his trade-mark or a substantial part thereof when such use misrepresents or (to use the language used in *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U. S. 19, 33) "contributes to a deception" with respect to the origin of his goods?

In the case at bar the Circuit Court of Appeals has answered this question "yes." The cases cited above have definitely answered the same question "no."

The conflict is clear and direct. The question of law is obviously of great importance, both from the standpoint of general commercial law and from the standpoint of rights under Federal trade-mark statutes.

## CONCLUSION.

If the inferior Federal Courts may deny to trade-marks adjudged valid by this Court the protection afforded to them by the remedial sections of the Federal Trade-Mark Act and by the decisions of this Court, and may supplant those Sections of that Statute and the decisions of this Court by the inconsistent statement in Section 735 (1) of the Restatement of Torts—all contrary to the findings of fact of the District Court not set aside by the Circuit Court of Appeals—public confidence in the integrity of trade-marks and the controlling effect of the remedial sections of the Federal Trade-Mark Act and the decisions of this Court must inevitably vanish.

It is believed that the importance of review by this Court of the decision of the Circuit Court of Appeals cannot be overestimated, inasmuch as the courts, the bar and the owners of trade-marks will be in a state of confusion as to the law of trade-mark infringement and unfair competition,

and the public will be in the state of being constantly deceived by colorable imitations of well-established marks, unless and until the law with respect to trade-marks and unfair competition is again restored to a settled state by this Court.

WHEREFORE, YOUR PETITIONER PRAYS That a Writ of Certiorari be issued out of and under the seal of this Court, directed to the United States Circuit Court of Appeals for the Fourth Circuit, commanding the said Court to certify and send to this Court, on a day to be designated, a full transcript of the record and all proceedings of said Circuit Court of Appeals in the case numbered and entitled on its docket Number 4672, *Dixi-Cola Laboratories, Inc.; Robert W. Kruse, Constantine Grivakis, William H. Hennen, Roy Gobrecht, Martin Fox, Jack J. Streger and Alfred O'Neil, Marbert Products, Inc. and Apola Extract and Syrup Corporation, Defendants-Appellants,* v. *The Coca-Cola Company, Plaintiff-Appellee,* to the end that this case may be reviewed and determined by this Court; that the judgment of the said Circuit Court of Appeals for the Fourth Circuit be reversed insofar as it modified the judgment of the District Court; and that petitioner be granted such other and further relief as to this Honorable Court may seem meet and proper.

And your petitioner will ever pray.

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